

Indiana Utility Regulatory Commission

Report
of the
Indiana Utility Regulatory Commission
to the
Water Resources Study Committee
of the
Indiana General Assembly

Jeffrey L. Golc
Commissioner
October 9, 2007



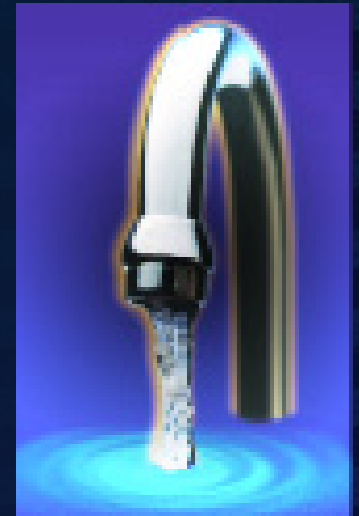
The Indiana Utility Regulatory Commission



Responsibilities of the IURC

- Regulates 800 Utilities
- 394 cases filed in fiscal 06-07
- Regulates companies with a revenue stream of \$12 billion

Role of IURC



Statutory Role

- To balance the interests of both the Customer and Utilities.
- Assure companies provide adequate service at a reasonable price.

How others view the IURC

- Rated by Lehman Brothers #3
- Regulatory Research Associates rate us as a “Top Tier” Commission
- Harvard study cites Indiana as the basis for a model regulatory mechanism for approving new electric generation facilities

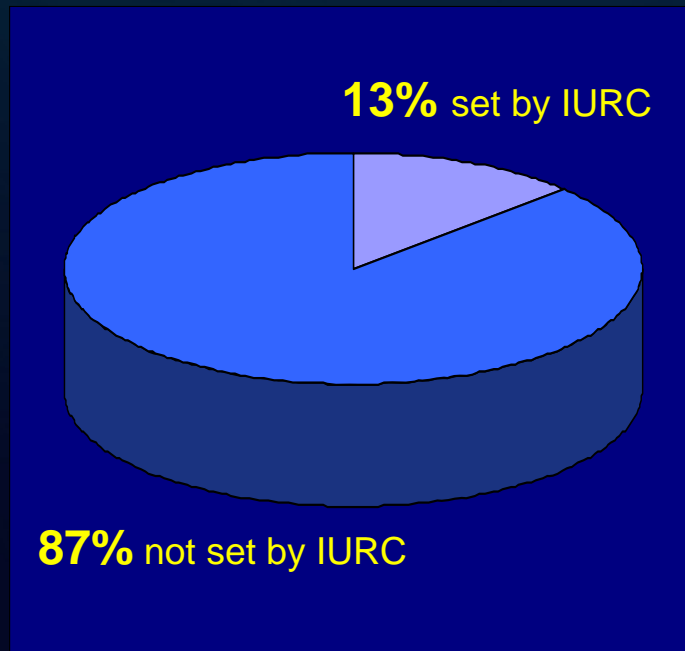
Water/Wastewater



Total Customers of Regulated Water/Wastewater Utilities

- Water 1,165,775
- Wastewater 47,423

Water Rates and IURC



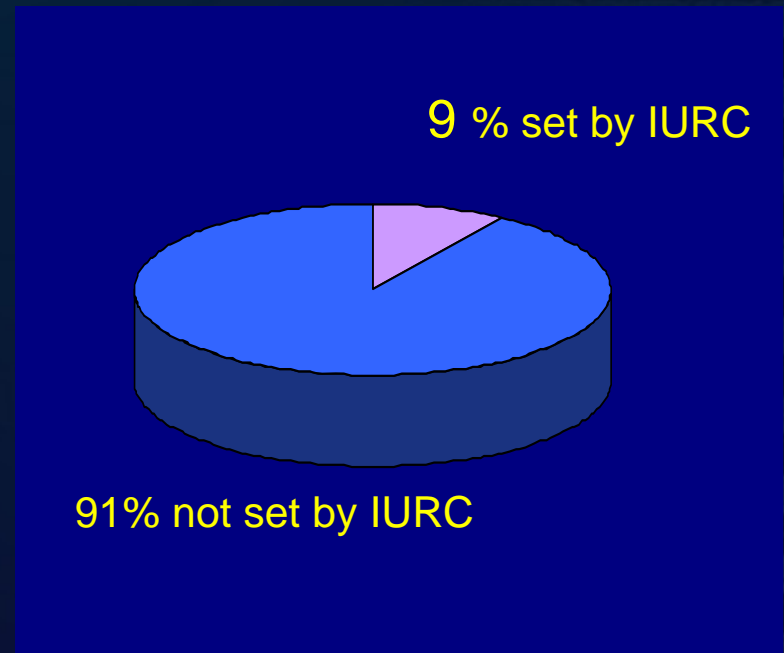
The IURC sets
rates for **13%**

Or

125 out of
Indiana's 835
Water Utilities

Sewer Rates and IURC

The IURC sets
Rates for **9%**
Or
only 54 of
Indiana's 541
sewer utilities



10 Largest Regulated Water Utilities (Ranked by number of residential customers)

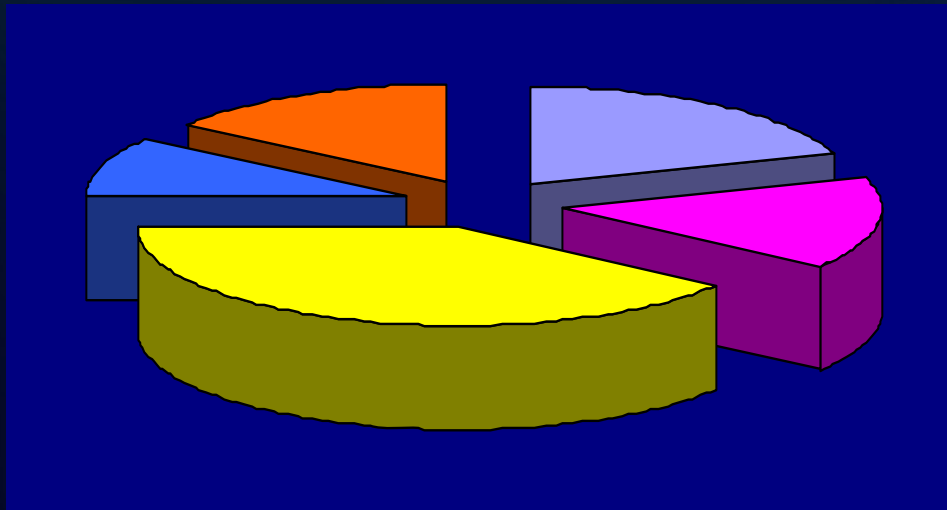
Indianapolis Water Company	263,107
Indiana-American Water Co.	246,974
Fort Wayne Municipal Water	63,533
Evansville Municipal Water	57,589
South Bend Municipal Water	36,002
Carmel Municipal Water	24,019
Lafayette Municipal Water	22,842
Anderson Municipal Water	21,409
Utility Center	18,472
Bloomington Municipal Water	16,886

Economic Impact

- The combined regulated water/wastewater utilities have annual operating revenues of \$473.5 Million
- The total assets of regulated water/wastewater utilities are \$3.2 billion

Climate of Regulated Water Utilities

“Fragmented”



Fragmented Industries

- Regional or local in nature with few interconnections between utilities
- Hundreds of small providers with few economies of scale serve a small percent of the population
- Small number of large systems serve the majority of the population

Shared Oversight

- Indiana Utility Regulatory Commission
- Office of Utility Consumer Counselor
- Indiana Department of Environmental Management
- Department of Natural Resources
- Indiana State Department of Health

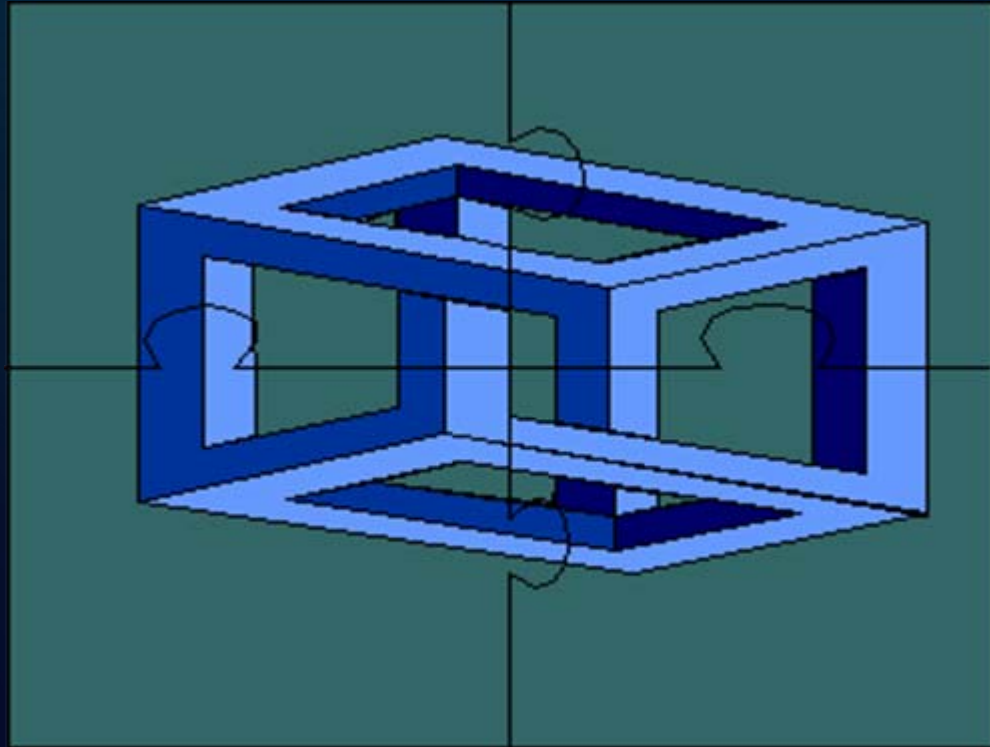
Significant Water Cases

- Evansville Municipal Water
- Indiana American
- Indianapolis Water
- Utility Center
- Greensburg Water

Competition

- Price competition is non-existent
- Companies compete for new customers and territory

Challenges



Water /Wastewater Challenges

- Territorial Disputes
- Troubled Utilities
- Rate Increases
 - Infrastructure costs

Water/Wastewater Challenges (continued)

- Loss mitigation and leak detection
- Long term water supply planning
- Conservation
- Economic Development

Significant Actions

- Distribution System Improvement Charges (DSIC)
- IN WARN

Regulatory Conclusions

- Specific Water Territories
- Clarify authority on sub-metering and sub-billing
- Incentives for water conservation and efficiency
- Update water main extension rules